

This tip sheet explains how shares are calculated and used in determining payouts and the factors that can be considered when making share allocations and payout distribution decisions.

Determining Share Values and Payout Amounts

Payouts are based on four factors: (1) the amount of money in the pay pool fund, (2) the share value, (3) your base salary, and (4) the number of shares you are awarded.

1. The **pay pool fund** is determined by adding the base salaries of all the employees in the pay pool as of 30 September, and multiplying the total by the percent allocated for the pay pool fund from Elements 1, 2, and 3.

$$\text{Pay Pool Fund} = \sum (\text{base salary of all pay pool members in dollars}) \times (\text{Element 1} + \text{Element 2} + \text{Element 3 percentages})$$

2. The **share value** is calculated by multiplying each employee's base salary by the number of shares he/she receives. This amount, known as the share product, is then totaled for all employees in the pay pool and divided into the pay pool fund.

$$\text{Share Value} = \frac{\text{Pay Pool Fund}}{\sum (\text{salary} \times \text{shares}) \text{ for each employee}}$$

3. The **payout amount** is determined by multiplying the employee's base salary as of 30 September by the number of shares earned by the employee times the share value.

$$\text{Employee Performance Payout} = \text{Base Salary} \times \text{Number of Shares} \times \text{Share Value}$$

Factors in Determining Share Allocation

Employees with a rating of record of "Valued Performer" (level 3) or higher are eligible to receive performance payouts. Performance shares are used to determine performance payouts. The range of shares is fixed by rating level, meaning the pay pool panel cannot adjust or change the share range. The share allocations are as follows:

Rating of record	Share range
Role Model (5)	5 or 6
Exceeds Expectations (4)	3 or 4
Valued Performer (3)	1 or 2
Fair (2)	0
Unacceptable (1)	0

The only factors management may consider in determining share assignment are:

- Complexity of the work
- Level of responsibility
- Compensation (such as recent salary increases, current salary in relation to control points or the pay band maximum, current salary in relation to the labor market)
- Overall contribution to the mission
- Organizational success
- Raw performance scores

Factors in Payout Distribution

A performance payout may be an increase in base salary, a bonus, or a combination of both. The only factors management may consider in determining the amount to be paid out as a bonus versus an increase in base salary are:

- Current base salary in relation to appropriate rate range
- Current base salary, level of responsibility, and complexity of work performed in comparison with others in similar work assignments
- Performance-based compensation received during the rating cycle associated with promotions, reassignments, or awards
- Salary levels of occupations in comparable labor markets
- Attrition and retention rates of critical shortage skill personnel
- Expectation of continued performance at that level
- Overall contribution to the mission of the organization
- Composition of the pay pool fund

Reminder: An employee's base salary cannot exceed the top of the pay band or the control point for the occupation.